

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER:

03-023

2. STATE

NC

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

November 1, 2003

5. TYPE OF PLAN MATERIAL (*Check One*):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate Transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.201

7. FEDERAL BUDGET IMPACT:

a. FFY 03-04 \$ 157,730

b. FFY 04-05 \$ 258,547

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, Section 7 Page 2

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):

Attachment 4.19-B, Section 7 Page 2

10. SUBJECT OF AMENDMENT:

Home Health Ostomy Supplies

11. GOVERNOR'S REVIEW (*Check One*):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED: Not Required

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Carmen Hooker Odom

13. TYPED NAME:

Carmen Hooker Odom

14. TITLE:

Secretary

15. DATE SUBMITTED:

12/17/03

16. RETURN TO:

Office of the Secretary
Department of Health and Human Services
2001 Mail Service Center
Raleigh, North Carolina 27699-2001

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

December 22, 2003

18. DATE APPROVED:

March 15, 2004

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

November 1, 2003

20. SIGNATURE OF REGIONAL OFFICIAL:

Renard L. Murray

21. TYPED NAME:

Renard Murray

22. TITLE: Associate Regional Administrator
Division of Medicaid & Children's Health

23. REMARKS:

Approved with the following changes made to Item 7:

Item 7a changed from "FFY 03-04 \$ 157,730" to "FFY 03-04 \$ 0.00"

Item 7b changed from "FFY 04-05 \$ 258,547" to "FFY 04-05 \$ 0.00"

Both changes authorized by e-mail from State Agency dated 2/24/04.

MEDICAL ASSISTANCE
State: NORTH CAROLINA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICE

- (4) Each year maximum rates are adjusted by an annual cost index factor. The cost index has a labor component with a relative weight of 75 percent and a non-labor component with a relative weight of 25 percent. The relative weights are derived from the Medicare Home Health Agency Input Price Index published in the Federal Register dated May 30, 1986. Labor cost changes are measured by the annual percentage change in the average hourly earnings of North Carolina service wages per worker. Non-labor cost changes are measured by the annual percentage change in the GNP Implicit Price deflator.
 - (5) The annual cost index equals the sum of the products of multiplying the forecasted labor cost percentage change by 75 percent and multiplying the forecasted non-labor cost percentage change by 25 percent. For services included under Section 2 the July 1, 1996 effective rates are multiplied by the cost index factor for each subsequent year up to the year in which the rates apply. For services included under Section 3 (i) base year costs per visit are multiplied by the cost index factor for each subsequent year up to the year in which rates apply.
 - (6) Other adjustments may be necessary for home health services to comply with federal or state laws or rules.
- (c) Medical supplies except those related to provision and use of Durable Medical Equipment are reimbursed at the lower of a provider's billed customary charges or a maximum amount determined for each supply item. Fees will be established based on average, reasonable charges if a Medicare allowable amount cannot be obtained for a particular supply item. Estimates of reasonable cost will be used if a Medicare allowable amount cannot be obtained for a particular supply or equipment item. The Medicare allowable amounts will be those amounts available to the Division of Medical Assistance as of July 1 of each year. Fees for medical supplies deemed to be associated with adequacy of access to health care services are reviewed annually in relation to Medicare rates and may be increased through an as needed administrative review, resulting from client concerns. This administrative review entails the performance of a cost study with providers, averaging the providers' costs and setting the rate at that average amount. The service must be essential to the health needs of the Medicaid recipients, no other comparable treatment available, and a fee adjustment must be necessary to maintain provider participation at a level adequate to meet the needs of Medicaid recipients.
- (d) Notwithstanding any other provision, if specified these rates will be adjusted as shown on Supplement 1 to the Attachment 4.19-B section of the state plan.